

# Theory of constraints in value based cost management

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## Abstract

This article highlights the problem of setting value-focused cost management and implementation of Theory of Constraints in enterprise management. To do this, analysis statements of theory of constraints within the concept of relevance is made and pre-requisites for implementation of such statements are formulated. From the perspective of the value-based management, business process optimization mechanism is analyzed and an alternative model for calculating relevant costs is proposed. This study was made on the example of oil fields development process. © IDOSI Publications, 2013.

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## Keywords

Concept of relevancy, Relevant alternative costs, Theory of constraints, Value-oriented management, Workflow